

Memorandum

To: Chairman and Commissioners

Date: June 2, 2000

From: Robert I. Remen

**PTC Item 1
ACTION**

Ref: Commission Testimony Before the Federal Amtrak Reform Council on May 18, 2000

Issue:

Should the Public Transit Committee recommend that the Commission take additional action regarding Vice-Chair Hallisey's testimony on May 18, 2000 to the Amtrak Reform Council (Council)?

Recommendation:

Staff recommends that the PTC:

- consider whether to augment Vice-Chair Hallisey's testimony to the Council.
- invite Amtrak West to present its recently released 5-year capital plan in comparison with its last business plan presented to the Commission in 1995.

Background:

Amtrak Reform Council: The Council is an independent federal oversight commission responsible for:

- recommending improvements in Amtrak's operations,
- monitoring Amtrak's financial performance, and
- forwarding to Congress recommendations for a restructured and rationalized intercity rail passenger system, **if** it finds that Amtrak has not achieved or will not achieve its financial targets.

The Council invited the Commission, a representative from the Governor's office, Secretary Contreras-Sweet of BT&H, Tony Harris, Acting Director of Caltrans, Warren Weber of Caltrans Intercity Rail Program, and others to speak on May 18, 2000 about intercity rail from the State and local perspective. State legislators, commuter rail agencies, elected officials along the state-supported intercity rail corridors, and Amtrak West's CEO, Gil Mallery, were also invited.

The focus of the Council's May 18, 2000 meeting in California was on the current and future intercity rail passenger service in California, which has the largest state rail program in the country. The Council also requested a briefing from the commuter services in California.

Commission Testimony: The Commission was requested to discuss the structure and funding of California's Intercity Rail Passenger Program. Vice-Chair Hallisey testified to the Amtrak Reform Council regarding:

- the Commission's role and responsibilities.
- the State Transportation Improvement Program Process prior to and subsequent to the passage of SB 45 (Kopp, 1998).
- the Commission's findings in SR 8 – Inventory of 10-Year Transportation Needs. He stated that an estimated \$100 billion would be needed over the next 10 years for roads and transit. Of that amount, \$4.2 billion would be needed for intercity rail. The State does not have sufficient State transportation revenues to fund the entire projected 10-year need.
- the State's capital commitment to intercity rail. California has committed about \$2 billion over the last 12 years for intercity rail improvements. Much of California's accomplishments were made with very little federal investment, unlike the large federal investment made in the Northeast Corridor.
- the Governor's Traffic Congestion Relief Plan, which proposes that the \$735 million in General Funds, future funds, STIP funds and Amtrak funding be used to augment California's intercity rail program. Vice-Chair Hallisey stated that Amtrak must participate as an equal funding partner in fully funding these projects.
- the impact of increasing annual operational costs for intercity rail since 1994. He stated that operational costs are increasing and that the state is not getting its value in terms of Amtrak becoming more efficient and aggressively reducing its costs. Further, intercity daily trips are not increasing compared to other types of rail service. In fact, commuter rail/bus and urban rail/bus services in the state are attracting more riders. Perhaps the state should focus on attracting more of those riders. Amtrak must attract more riders to the State-supported intercity rail lines.

Vice-Chair Hallisey stated in his concluding remarks that California:

- supports intercity rail service, but expects a reasonable return for its investment. Amtrak must do better in generating ridership and revenues, particularly from monthly multi-ticket riders.
- expects Amtrak to get more efficient and reduce the cost per passenger mile.
- expects the operating cost to increase, but it should be due to expansion, cost of living, and more scheduled service, not because of inefficient operations or lost revenues.
- is willing to support intercity rail by contributing capital funding, as evidenced by the STIP and the Governor's proposed use of General Funds in the Administration's transportation plan. California expects Amtrak to continue its partnership, provide funding, and match dollar-for-dollar California's commitment.

Attachment

bc\ptc\0600amtk.doc

Excerpts of Vice-Chair Hallisey's Notes
"Structure and Funding of California Intercity Rail"
Amtrak Reform Council
May 18, 2000 9:45AM to 10:45 AM
Hilton Sacramento Arden West, Folsom Room
2200 Harvard Street
Sacramento, CA

Background of the CTC

State Transportation Improvement Program Process – State process for programming capital improvements

- In the 1998 STIP, 75% or \$4.7 billion was programmed by the regions and 25% or \$1.5 billion by Caltrans. Of the \$1.5 billion, Caltrans recommended that \$321 million go to intercity rail.
- With the passage of TEA – 21, the CTC augmented the 1998 STIP and programmed another \$100 million in intercity rail projects.

SR 8 – Inventory of 10-Year Transportation Needs

- In 1999, the Legislature requested the CTC to do a 10-year inventory of funding needs for California's transportation systems.
- CTC surveyed about 1000 transportation agencies and transit agencies. Based on the responses received, an estimated \$100 billion is needed in the next 10 years for roads and transit.
- Of the \$100 billion, about \$4.2 billion is needed for intercity rail. \$3.1 billion is needed for capital improvements and \$1.1 billion for increased operations.
- State cannot fund the entire projected 10-year need.

Intercity Rail

- California supports intercity rail, as well as commuter and urban rail in terms of capital funding.
- California has committed about \$2 billion over the last 12 yrs for intercity rail improvements.
- California has three of the top five most heavily traveled rail corridors in the nation. The San Diegan is 2nd behind the Northeast Corridor, the Capitol between San Jose and Sacramento/Roseville is 4th, and the San Joaquin between LA and Sacramento is 5th.
- California has accomplished this with very little federal investment, compared to that made in the Northeast Corridor.

The Governor's Traffic Congestion Relief Plan

- The Governor is proposing to commit additional capital funding to intercity rail from the State General Fund. This is over and above the funding already available in the STIP. In the Governor's plan, a total of \$5.33 billion in general funds is targeted for roads and transit.
- Federal and local funds are needed to help fully fund the proposed projects. The estimated cost for highway and transit projects is \$16.8 billion.

- The Governor is proposing that \$735 million in General Funds, future funds, STIP funds and Amtrak contributions be used to augment California's intercity rail program.
- California's three intercity rail corridors would be targeted for funding as follows:
Capitol Corridor -- \$50 million, San Joaquin -- \$200 million, San Diego -- \$485 million
- Competing demands exist for the State's transportation funds. Amtrak's partnership with California is essential to fund new and expanded intercity rail service.
- Governor's proposal envisions participation from local and federal agencies to fund fully the projects. California needs Amtrak to participate as a funding partner to fund the Administration's transportation proposal. Estimated Amtrak participation could be as much as \$368 million on a 50/50 basis.

Operational Costs

- Several years ago in 1994 when Congress began reducing Amtrak's operational funding, the CTC was concerned with the reductions and questioned the CEO of Amtrak West about the reductions. The Amtrak West CEO stated that the State's annual share of \$29 million would remain the same, since Amtrak West would grow the service to generate new revenues and operate more efficiently for less cost. The State is now paying \$70 million this year. Furthermore, Caltrans estimates that the State's share of the operational cost will continue to rise and reach \$342 million by FY 2008-09 for existing and expanded service.
- California is not getting value for its operational funding. The cost has been increasing every year since FY 1994-95. Amtrak must get more efficient and reduce costs aggressively. Amtrak must also look for innovative ways to increase revenues.
- The State is not getting its operational value from Amtrak in terms of ridership. Intercity rail ridership, according to a just-released report by the State's Legislative Analyst Office, states that ridership has been relatively flat over the 4 years between FY 95-96 and FY 98-99. It has been range bound between 2.4 and 2.8 million passengers per year or roughly about 7,500 riders/day.
- The CTC funds commuter and urban rail systems. Although the CTC does not fund operational costs, these transit systems have much higher weekday ridership compared to intercity rail.
 - Consider two urban rail systems, the San Francisco Muni and the LA Metropolitan Transportation Authority. SF Muni's light rail system averages 129,000 trips per day. Muni's bus, trolley, and rail system averages 700,000 trips per day.
 - The Los Angeles County Metropolitan Transportation Authority heavy rail and light rail system averages 114,600 trips per day. MTA bus and rail system averages about 1,300,000 trips per day. Perhaps, California should focus on increasing urban and commuter ridership.
 - The ridership of California's commuter services is more comparable to intercity rail service and yet they exceed the intercity rail ridership. In the LA basin, the 5-county commuter service, Metrolink, has an average daily trip count around 32,000. Ridership for Caltrain, a San Francisco to San Jose commuter service, averages around 29,000 daily

trips. Amtrak must do better in capturing riders particularly those who buy monthly multi-tickets. Currently, percentage of the riders who are monthly multi-ticket riders on the Capitol is about 10%, for the San Diegan about 15% and for the San Joaquin, it is negligible.

Concluding Remarks

- California supports intercity rail service, but expects a reasonable return for its investment. Amtrak must do better in generating ridership and revenues.
- California expects Amtrak to get more efficient and reduce the cost per passenger mile.
- California expects the operating cost to increase but it should be due to expansion, cost of living, and more scheduled service, not poorly run operations or lost revenues.
- California supports intercity rail, as evidenced by STIP funds and the Governor's proposed use of General Funds in the Administration's transportation plan. California expects Amtrak to continue its partnership, provide funding, and match dollar-for-dollar California's commitment.